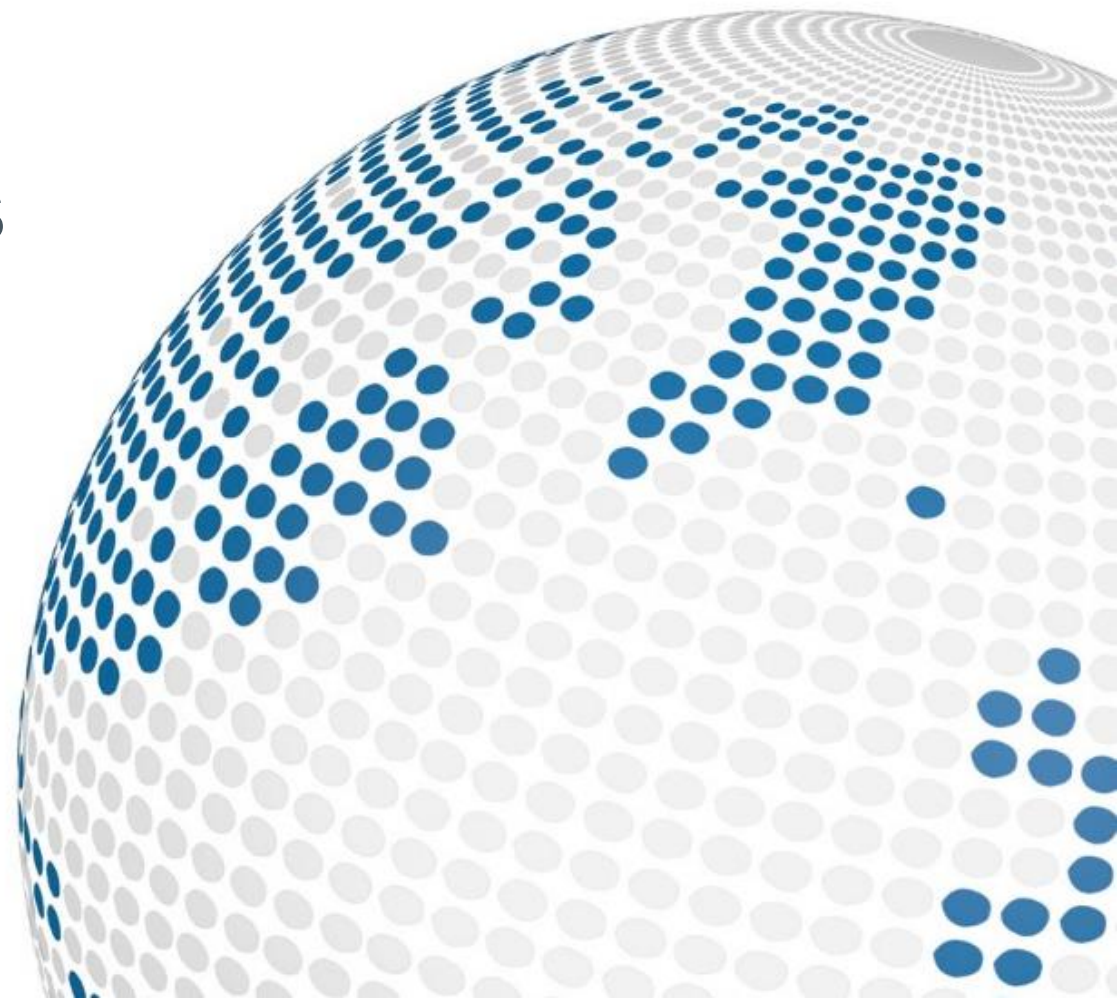


# Creating a global leader in sensor solutions and photonics

Proposed acquisition of OSRAM Licht AG

18 October 2019



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# Transaction highlights

- Voluntary public tender offer for OSRAM at a price of €41.00 per share
- Creating a global leader in sensor solutions and photonics
- Significant value creation from cost and revenue synergies with expected pre-tax run-rate >€300m p.a.
- Largest shareholder in OSRAM at 19.99%; minimum acceptance threshold lowered to 55%
- Committed €4.4bn bridge facility and €1.6bn fully underwritten equity issue
- On course to update Cooperation Agreement confirming all protective covenants for OSRAM employees

# Transaction fulfils ams' M&A criteria

<b>Strategically compelling</b>	Creating a global leader in sensor solutions and photonics for both mobile and consumer, as well as automotive, industrial and medical applications	✓
<b>Value enhancing</b>	Expected cost and revenue synergies with an expected annual pre-tax run-rate in excess of €300m	✓
<b>Financially accretive</b>	Expected to be accretive to earnings per share from first year post closing; ROIC exceeds WACC from second year post closing	✓
<b>Sustainable capital structure</b>	Pro-forma leverage of 4.5x 2019E EBITDA (excl. synergies) and 3.4x 2019E EBITDA (incl. synergies), target to delever to ~2x by 2021	✓
<b>Fit with ams' financial model</b>	Combined business targeted to achieve double-digit revenue growth supporting the ams medium term adjusted EBIT margin target in excess of 25%	✓

# Strategic rationale and industrial logic unchanged

**1**

**Creating a global leader in sensor solutions and photonics**

**2**

**Accelerates ams to win in new breakthrough optical solutions**

**3**

**Expedites diversification of revenue mix**

**4**

**Enhances manufacturing footprint with clear scale and cost advantages**

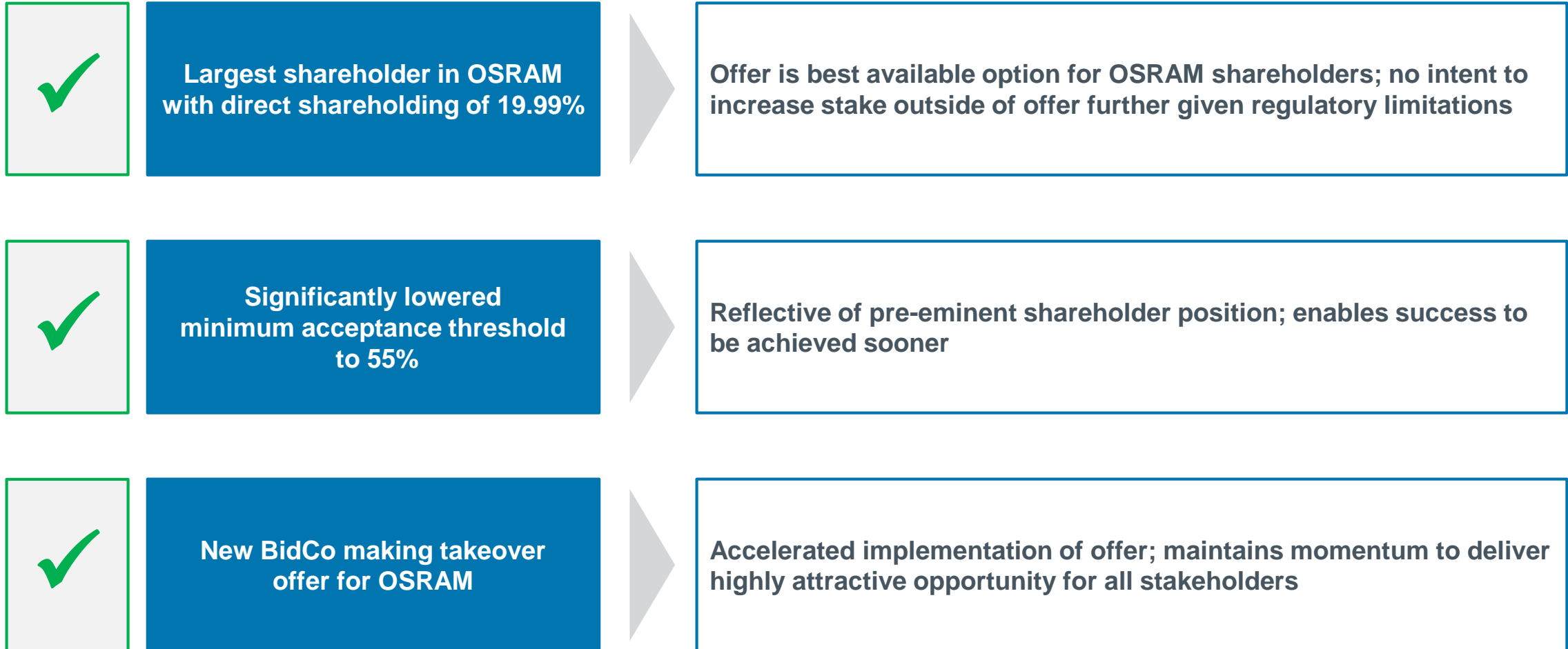
**5**

**Leverages complementary go-to-market strengths**

**6**

**Delivers significant synergies**

# Our new offer is structurally superior



# Attractive to all of OSRAM's stakeholders

## Attractive for shareholders

- €41.00 per share offer price:
  - 42% premium to the day prior to Private Equity offer (€28.92)
  - 8.1x Sep-19 LTM EBITDA post-synergies (€565m)<sup>1</sup>
  - Supported by two fairness opinions commissioned by OSRAM<sup>2</sup>
- Fully committed financing

## Attractive for the workforce

- Commitments to protect the workforce and production plants in Germany
- Expansion of Regensburg manufacturing facility
- Location safeguarding agreements (*Standortsicherungsvereinbarung*) for German manufacturing sites
- Commitment to continue existing shop arrangements and collective bargaining agreements as well the "Future Concept Germany" agreement
- No change to existing OSRAM pension plans

## Attractive for OSRAM

- Acceleration of the standalone photonics solutions strategy
- Continued investments in priority OS and AM growth areas
- Identify best owner for Digital who will invest in the business to drive growth
- Maintain Munich as a co-headquarter alongside Premstaetten
- Commitment to retaining the OSRAM brand name

Note:

1 Based on consensus estimates for year ending 30 September 2019 (based on FactSet as of 18 October 2019) and run-rate synergies

2 Fairness opinions commissioned by OSRAM from Perella Weinberg Partners and Lazard as referenced in OSRAM reasoned statement on 16 September 2019 as regards to offer price at €38.50 per share

# Sustainable capital structure

## Fully committed financing

Sources	€bn	%
Debt issuance / excess cash	2.9	64
Equity issuance	1.6	36
<b>Total sources</b>	<b>4.5</b>	<b>100</b>

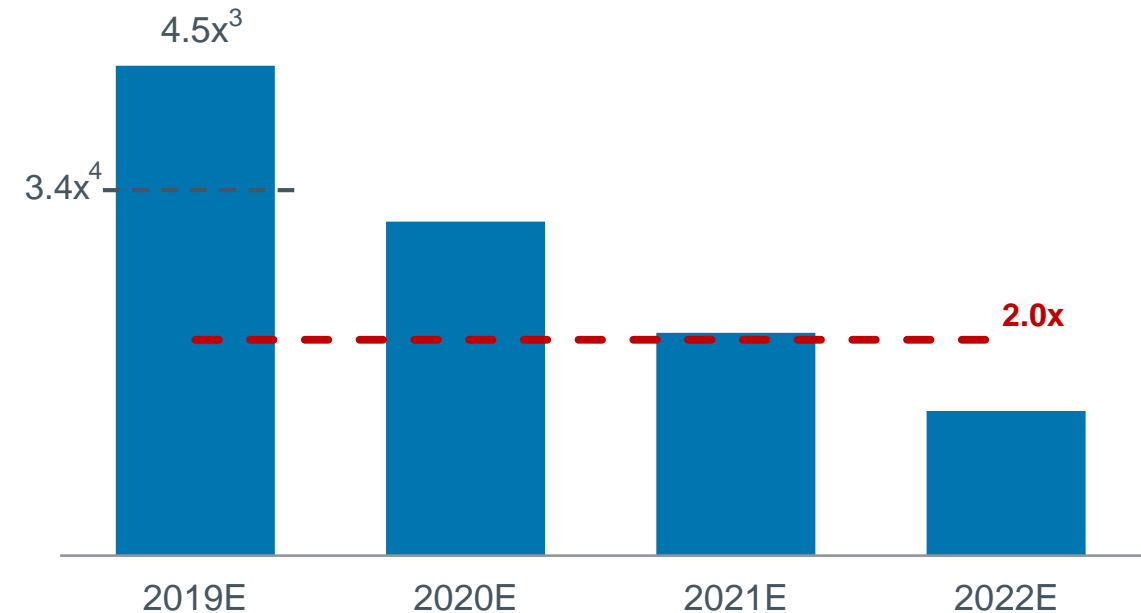
  

Uses	€bn	%
OSRAM offer value <sup>1</sup>	4.0	87
Refinance OSRAM net debt <sup>2</sup>	0.4	9
Estimated transaction costs	0.2	3
<b>Total uses</b>	<b>4.5</b>	<b>100</b>

Notes:

- 1 Offer price of €41.00 per share multiplied by 96.8m outstanding shares of OSRAM (100% basis)
- 2 OSRAM net financial debt as of 30 June 2019: short term debt: €578m; long term debt: €128m; and cash: €282m
- 3 Refer to page 12 for details
- 4 Pro-forma net debt / EBITDA including synergies; refer to page 12 for details

## Pro-forma net debt / EBITDA deleveraging profile



- Synergy run-rate achieved by year 3 post closing
- Includes €400m of one-off integration costs
- Further deleveraging potential from disposal proceeds



# Transaction timeline

- 18 October** – Announce intention to launch takeover offer for OSRAM
- End of October** – Expected BaFin approval and start of main offer period
- End of November** – Expected end of main offer period
- Q4 2019** – Expected extraordinary general meeting to approve rights issue
- H1 2020** – Expected transaction closing (subject to regulatory approvals)

# New ams – global leader in sensor solutions and photonics



**Addressing  
disruptive  
megatrends**

**~€5bn  
revenue**

**Delivering value to  
customers**

**Balanced end  
market exposure**

**Profitable  
growth**

**Sustainable capital  
structure**

# Appendix

# Supporting materials

## Pro-forma combined leverage calculation (€bn)

Net debt	
Acquisition debt <sup>1</sup>	2.1
Refinancing OSRAM net debt <sup>2</sup>	0.4
ams net debt <sup>2</sup>	1.3
ams pensions (post-tax) <sup>3</sup>	0.0
OSRAM pensions (post-tax) <sup>3</sup>	0.1
<b>Pro-forma net debt (Dec-19)</b>	<b>4.0</b>

<b>Pro-forma combined EBITDA (excl. synergies) (€m)<sup>4</sup></b>	<b>850-900</b>
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<b>Pro-forma net debt / EBITDA (excl. synergies)</b>	<b>4.5x</b>
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Expected run-rate synergies (€m)	>300
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<b>Pro-forma combined EBITDA (incl. synergies) (€m)</b>	<b>&gt;1,175</b>
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<b>Pro-forma net debt / EBITDA (incl. synergies)</b>	<b>3.4x</b>
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## OSRAM acquisition multiple calculation (€m)

Offer value	
Offer price (€)	€41.00
Number of shares outstanding (m)	97
<b>Offer value</b>	<b>3,971</b>

Adj. net debt <sup>5</sup>	
Net debt	424
Minorities	120
Associates	(61)
Pensions (post-tax)	122
<b>Adj. net debt</b>	<b>605</b>

<b>Transaction Value</b>	<b>4,576</b>
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Sep-19E EBITDA (pre-synergies) <sup>6</sup>	265
Expected run-rate synergies	>300
Sep-19E EBITDA (post-synergies)	>565

<b>Sep-19E EBITDA (pre-synergies)</b>	<b>17.3x</b>
<b>Sep-19E EBITDA (post-synergies)</b>	<b>8.1x</b>

Notes:

- 1 Debt issuance net of quantum required to refinance OSRAM net debt
- 2 ams management estimate as of 31 December 2019, includes additional balance sheet cash used to finance transaction
- 3 Statutory tax rate used for Austria and Germany
- 4 €850-900m pro-forma combined EBITDA based on analyst consensus and management estimates
- 5 Reported as of 30 June 2019
- 6 FactSet as of 18 October 2019



# Thank you!

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